

Army Regulation 735-11-2
DLAR 4140.55
SECNAVINST 4355.18
AFR 400-54

REPORTING OF ITEM AND PACKAGING DISCREPANCIES

**(DLA SUPPLEMENTATION
IS PERMITTED AT ALL LEVELS.)**

Headquarters
Departments of the Army, Defense
Logistics Agency, the Navy and
the Air Force
Washington, DC
6 December 1991

UNCLASSIFIED

SUMMARY of CHANGE

AR 735-11-2/DLAR 4140.55/SECNAVINST 4355.18/AFR 400-54
REPORTING OF ITEM AND PACKAGING DISCREPANCIES
(DLA SUPPLEMENTATION IS PERMITTED AT ALL LEVELS.)

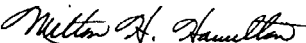
This regulation has ben revised to establish a standard 75-day timeframe for action activities to respond to all RODs, require submission of an ROD for all discrepancies which involve a sealed vendor pack, and revises procedures for unresolved or contested reports.

REPORTING OF ITEM AND PACKAGING DISCREPANCIES
(DLA SUPPLEMENTATION IS PERMITTED AT ALL LEVELS.)

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History. This publication has been reorganized to make it compatible with the Army electronic publishing database. No content has been changed.

Summary. This regulation establishes the policies and procedures to prescribe the methods and conditions under which shipping-type(item) discrepancies, packaging discrepancies, and discrepancies in parcel post shipments are reported and replies furnished.

Applicability. This regulation is applicable to HQ DLA and all DLA field activities, other DoD agencies, and the Army, Navy, Air Force, Marine Corps, and General Services Administration (GSA) activities, shipping and receiving materiel through the military or GSA supply and distribution system. It applies to shipments made from both stock funded and nonstock funded activities, Grant Aid shipments made under the International Logistics Program, personal property

shipments, and shipments received from commercial sources.

Proponent and exception authority.
Not applicable.

Army management control process.
Not applicable.

Supplementation.
Not applicable.

Suggested Improvements.
Not applicable.

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Glossary

*This regulation supersedes DLAR 4140.55/AR 735-11-2/SECNAVINST 4355.18/AFR 400.54/MCO 4430.3J, 1 Oct 86, and Change 1.

RESERVED

1. Purpose and scope.

a. This regulation establishes the policies and procedures to prescribe the methods and conditions under which shipping-type (item) discrepancies, packaging discrepancies, and discrepancies in parcel post shipments are reported and replies furnished. It provides for the basic documents required to support adjustment of property and financial inventory accounting records; information as a basis for claims against contractors; notification to shippers; visibility of preservation, packing, marking, and unitization discrepancies; required corrective actions; disposition instructions; and information for management evaluations.

b. This regulation is applicable to HQ DLA and all DLA field activities, other DoD agencies, and the Army, Navy, Air Force, Marine Corps, and General Services Administration (GSA) activities, shipping and receiving materiel through the military or GSA supply and distribution system. It applies to shipments made from both stock funded and nonstock funded activities, Grant Aid shipments made under the International Logistics Program, personal property shipments, and shipments received from commercial sources. This regulation was developed by agreement among the Military Services, DLA, GSA. This regulation will be implemented by GSA in the Federal Property Management Regulations for the above cited purposes.

c. The reporting of the following types of discrepancies is excluded from the provisions of this regulation:

(1) Shipping-type (item) discrepancies found while materiel is in storage. (This does not include short shipment and wrong item discrepancies discovered upon opening a sealed vendors pack.)

(2) Discrepancies involving local base or station deliveries to or return from internal or satellite activities.

(3) Discrepancies involving shipments of privately-owned vehicles.

(4) Discrepancies involving shipments of requisitions or purchase orders from personnel services activities which cite nonappropriated funds.

(5) Transportation-type discrepancies to the extent covered by AR 55-38/NAVSUPINST 4610.33C/AFR 75-18/MCO P4610.19D/DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments.

(6) Product quality deficiencies to the extent covered by DLAR 4155.24/AR 702-7/SECNAVINST 4855.5/AFR 74-6/MCO 4855.5F, Product Quality Deficiency Report Program, and DLAR 4155.28, Reporting and Processing Medical Materiel Complaints.

(7) Discrepancies associated with Foreign Military Sales (FMS) and Cooperative Logistics Supply Support Arrangement (CLSSA) shipments under the International Logistics Program to the extent covered by DLAR 4140.60/AR 12-12/SECNAVINST 4355.17/AFR 67-7/MCO 4140.1E, Processing Discrepancy Reports Against Foreign Military Sales Shipments.

(8) Shipping-type (item) discrepancies involving personal property shipments. (Packaging discrepancies relative to personal property shipments are included herein.)

2. POLICY

a. Shipping-type (item) or packaging discrepancies will be reported on SF 364, Report of Discrepancy (ROD), National Stock Number 7540-00-159-4442. Each installation or activity of the Military Services will secure the necessary supply of forms through normal channels. DLA field activities will obtain their supply of the SF 364 directly from the appropriate GSA regional office.

b. Transmittal letters or endorsements are neither required nor authorized. The design of the SF 364 is, in itself, sufficient to report discrepant conditions and direct disposition instructions.

c. The SF 364 should not be submitted for nonreceipt of shipments that were shipped by traceable means, e.g., Government Bill of Lading (GBL) and Commercial Bill of Lading (CBL), unless it is determined the nonreceipt is not a transportation-type discrepancy, or for damaged items shipped via modes other than parcel post

which are reportable under the joint regulation referenced in paragraph IC5, above. Such nonreceipts or damages are reportable as transportation-type discrepancies.

d. Billing and accounting adjustments for shipping-type (item) discrepancies will be processed under DoD 4000.25-7-M, Military Standards Billing System (MILSBILLS).

e. Time limits for reporting of discrepancies relating to contractor warranties are prescribed in individual warranty clauses and/or contracts. These time limits override other time limits specified by this regulation.

f. Time limits do not apply to short shipment and wrong item discrepancies discovered upon opening a sealed vendor pack.

g. Action activities may use an automated response for RODs if the response meets the criteria outlined in paragraph VID5c.

3. DEFINITIONS.

See Glossary.

4. SIGNIFICANT CHANGES.

This regulation has been revised to establish a standard 75-day time frame for action activities to respond to all RODs, require submission of an ROD for all discrepancies which involve a sealed vendor pack, and revises procedures for unresolved or contested reports.

5. RESPONSIBILITIES

a. The Director, Defense Logistics Standard Systems Division (DLSSD) will:

(1) Serve as the DoD central point of contact.

(2) Sponsor publications of this regulation, for the centralized receipt of proposals, and for the development, maintenance, and processing of changes to the regulation in coordination with the participating Military Services, DoD agencies, and GSA.

b. The Executive Director, Directorate of Supply Operations, DLA (DLA-O) will implement this regulation for DLA.

c. The Heads of DLA Primary Level Field Activities will:

(1) Implement this regulation.

(2) Submit recommendations for changes or additions to this regulation to the Chief, Supply Management Division, Supply Operations, HQ DLA, ATTN: DLA-OSL.

d. Heads of participating Military Services, other DoD agencies, and GSA will designate a single office of primary responsibility for this regulation to serve as focal point and identify by name the DLSSD, ATTN: DLSSD-D, a primary and alternate focal point representative for this regulation to:

(1) Provide technical assistance to their field activities on matters pertinent to this regulation. This includes acting as final review authority for their respective Service/agency (S/A) on unresolved or contested ROD reports.

(2) Coordinate inquiries received from field activities, with applicable principal S/A staff elements and, as required, with other S/A counterparts.

(3) Evaluate all suggested changes and additions to this regulation originating within their respective Military S/A. Beneficial suggestions will be evaluated initially by the focal point. If suggestions are received by DLSSD-D directly for evaluation, they will be forwarded to the appropriate Military S/A focal point for review and evaluation. If the suggestion is considered worthy of adoption, the focal point will submit an official change proposal to DLSSD, ATTN: DLSSD-D, stipulating specific narrative changes to the regulation. Such proposed changes will be coordinated in the normal manner, with awards determined by the focal points, under existing procedures.

(4) Develop and submit official change proposals to DLSSD, ATTN: DLSSD-D, with justification and expected benefits.

(5) Develop and submit to DLSSD, ATTN: DLSSD-D, a single, coordinated S/A position on all system change proposals within the time limits specified (normally 60 days).

(6) Implement the procedures contained herein by ensuring that all operating activities within their respective Service or agency comply with this regulation. One copy of any intra-S/A implementing instructions, i.e., orders, directives, supplements, or regulations,

will be forwarded when published/revised to DLSSD, ARRN: DLSSD-D.

e. Recommendations for revisions and/or corrections to this regulation and assistance for unresolved RODs will be addressed through established Military Service or agency channels to DLSSD, ATTN: DLSSD-D, Suite 220, 6301 Little River Turnpike, Alexandria, VA 22312-3508. The Military S/A focal points for this regulation are:

Table 5
Military S/A focal points

SERVICE/AGENCY	FOCAL POINT NAME/ADDRESS
Army	Commander U.S. Army Materiel Command ATTN: AMCSM-MTI 5001 Eisenhower Avenue Alexandria, VA 22333-0001
Navy	Office of Assistant Secretary of the Navy Shipbuilding and Logistics ATTN: RM&QA Washington, DC 20360-5000
Air Force	Commander Air Force Logistics Command ATTN: HQ AFLC/DSSMP Wright-Patterson AFB, OH 45433-5001
Marine Corps	Commandant of the Marine Corps ATTN: LPP-2 Washington, DC 20380-0001
Coast Guard	Commandant, U.S. Coast Guard ATTN: G-ELM-2 2100 Second Street, SW Washington, DC 20593-0001
General Services Administration	General Services Administration, Region 6 ATTN: DRC-6FR 1500 East Bannister Road Kansas City, MO 64131-3088
Defense Logistics Agency	Director Defense Logistics Agency ATTN: DLA-OSL Cameron Station Alexandria, VA 22304-6100

6. PROCEDURES

Shipping-type (item) or packaging discrepancies attributable to the responsibility of the shipper (including contractors/manufacturers or vendors) will be reported on SF 364 by the receiving activity (transshipment activities noting packaging deficiencies on shipments intransit will prepare an SF 364). The purpose of the SF 364 is to determine the cause of such discrepancies, effect corrective action, and prevent recurrence. When both item discrepancies and packaging discrepancies are noted on the same shipment, both blocks on the top of the SF 364 will be checked and types of discrepancies reported. In these instances, distribution of SF 364 will be made as indicated in subparagraphs C1 and C2.

a. *Reporting Criteria.* The SF 364 will be submitted when one or more of the following conditions exist:

(1) Shipping-Type (Item) Discrepancies

(a) *Shipments from DoD activities, GSA Supply Distribution Facilities, and Contractors/Manufacturers or Vendors.* (Shipments from contractors/Manufacturers or vendors will be reported regardless of dollar value.) All other discrepant shipments (for multistop shipments/deliveries, each consignee will be reported when they meet the conditions and value criteria cited below.

1. Shortages or overages valued in excess of \$100 per line item, except classification or protected items which will be reported regardless of dollar value. (NOTES: (a) Overage/shortages on commercial/Government-owned/leased shipping container (SEAVAN)

that are source loaded and move under shipper's load and count, and arrive at destination with original seal(s) intact, are considered a shipping-type discrepancy; (b) the Defense Personnel Support Center (DPSC) uses the average net weight lotting system when shipping perishable specification freeze and chill items. Actual weight received may differ from actual weight requisitioned or shown on the supply documentation. If the number of cases/containers received agree with the number shown on supply documentation, and actual weight received is within weight range variation, an SF 364 will not be submitted for an average/shortage.)

2. Erroneous materiel, unacceptable substitutes, or duplicated shipments, regardless of dollar value, are received.

3. Materiel received is valued in excess of \$100 per line item for cancelled (confirmed only) requisitions. A copy of the confirmation of cancellation is required.

4. The condition of an item in excess of \$100 per line item in value is found to be other than that shown on the shipping document, or, in the case of subsistence, on supporting inspection/test certificates or records.

5. Materiel received is valued in excess of \$100 per line item on which the shelf life has expired and, for subsistence, there is no indication the item has been inspected under shelf life extension procedures.

6. Materiel, regardless of value, is shipped to the wrong activity.

7. Item technical data markings and missing and/or incomplete regardless of dollar value. (These are marked on or attached to the item inside of the container, when applicable, as for certain items of equipment.)

8. Supply documentation is missing/improperly prepared regardless of dollar value.

9. Items valued in excess of \$100 per line item, reported shipped by parcel post, are not received or are received in a damaged condition.

10. Materiel received for repair which has been cannibalized of nonexpendable parts or components (including cannibalization of nonexpendable Basic Issue Item (BII) or a nonexpendable Supply System Responsibility Item (SSRI) without the authorization of the inventory manager when the total value of the missing item(s) is in excess of \$100). (NOTE: Expendable BII and SSRI are not subject to the aforementioned procedures.)

11. Product quality deficiencies relative to Grant Aid shipments regardless of dollar value.

12. Repetitive discrepancies, regardless of dollar value, are observed or when any other condition of an item not enumerated herein, unless excluded by paragraph IC, is detected at time of receipt.

13. Shortages and wrong item discrepancies discovered while opening a sealed vendor pack will be reported regardless of dollar value or shipper. These reports must contain the contract number from the packaging and, if available, the original document number. (See enclosure 3, items 8 and 12 for special ROD preparation instructions.)

14. GSA customers may submit an ROD, regardless of dollar value.

(b) *Materiel Returns.* SF 364 will be submitted for discrepancies (as specified in subparagraph a), regardless of condition that exists, in materiel return shipments (excess and redistributive materiel) from the Continental United States (CONUS) and overseas activities (including returns from FMS purchasers), when the dollar value is equal to or greater than \$100 per line item. (EXCEPTION FOR RETURNS BETWEEN U.S. ACTIVITIES: When the materiel return shipments are classified as unserviceable and uneconomically repairable upon receipt, the receiving activity may, if a mechanical reports capability exists, provide such reports to the shipping activity in lieu of SF 364. As a minimum, such reports will include materiel return document number, quantity, and explanation of condition classification.) Discrepancies pertaining to classified materiel or protected items will be reported on SF 364 regardless of dollar value or condition.

(c) *Reutilization and Marketing Shipments.* SF 364 will be submitted for discrepancies (as specified in subparagraph a) in shipment

to and from Defense Reutilization and Marketing Activities when the dollar value is equal to or greater than \$100 per line item. (EXCEPTIONS: (1) SF 364 will be submitted for shipments of protected items regardless of dollar value, (2) SF 364 will not be submitted for shortages or overages found in shipments to Defense Reutilization and Marketing Activities, and (3) SF 364 will be submitted when the conditions of subparagraph a (12) above, are met.)

(2) *Packaging Discrepancies.* See enclosure 4 for listing of typical types.

(a) Any unsatisfactory condition resulting from improper packaging which causes or renders the item, shipment, or package to be vulnerable to any loss, delay, or damage when the estimated or actual cost of correction exceeds \$50. (EXCEPTION: When the value of the item, shipment, or package is \$2500 or over, an SF 364 will be submitted regardless of the estimated or actual cost to correct the packaging discrepancy.) This may include loss or damage to the item, shipment, or package except when a report is otherwise required as prescribed in AR 55-38/NAVSUPINST 4610.33C/AFR 75-18/MCO P4610.19D/DLAR 4500.15

(b) Packaging discrepancies resulting in damaged materiel which may endanger life, impair combat or development operations, or affect other materiel will be reported immediately to the shipping activity, contracting office, or control point by the quickest communication medium to enable the shipper to take immediate corrective action. The formalized SF 364 will be transmitted by mail within 24 hours of the initial report.

(c) Improper identification of containers or items which requires opening the container or results in improper storage of the materiel, regardless of cost.

(d) Any packaging discrepancy, regardless of cost, involving hazardous materials, including improper identification marking of items and packs of unitized loads, regardless of whether damage or other unsatisfactory condition has resulted.

(e) Excessive packaging by contractors resulting in additional costs to the Government.

(f) Packaging discrepancies involving shipments of personal property not conforming to specifications. (Packaging discrepancy reports on personal property shipments will be prepared at ocean and aerial terminals only.)

(g) Packaging discrepancies resulting in delay or additional packaging costs at aerial or water terminals or at consolidation and containerization points (CCPs). The activity responsible for operating the terminal or port of embarkation/debarkation will be responsible for the report preparation of discrepancies noted on shipments moving through the activity.

(h) Repetitive packaging discrepancies which impose a significant burden on receiving or transshipment activities.

(i) Materiel found in storage with latent preservation and packaging discrepancies requires preparation of the late SF 364. Reports of this type should be confirmed to stocks which constitute a problem resulting from a particular specification, preservation, or packaging method. Reports relative to packaging discrepancies found in storage will be annotated "not incident to shipment" in remarks.

b. Time Standards

(1) *Submission of SF 364.* The SF 364 will be submitted by receiving activities and/or transshipment activities within the time standards listed below. (See paragraph IIE and subparagraph A2b above, for exceptions.) When extenuating circumstances prevent compliance (e.g., response to a tracer action reveals a supposed transportation-type discrepancy to be a shipping/packing discrepancy or hidden discrepancies that are discovered when opening a sealed vendor pack, etc.), the reasons for delay will be entered in item 12 and action activities will honor the discrepancy report.

(a) From date of receipt of the shipment:

1. Government/Grant Aid activities—15 calendar days.

2. Contractors receiving Government-furnished materiel—15 calendar days.

(b) Parcel post—lost shipments from:

1. Government and commercial sources to CONUS activities—45 calendar days from date of shipment.

2. Government and commercial sources to overseas activities, including Grant Aid activities—90 calendar days from date of shipment.

(2) *Maximum Time Limits.* Action activities will reject, with appropriate explanation, discrepancy reports not received within the time standards listed below. Reporting activities are required to send RODs to report a shipping-type (item) or packaging discrepancy after the reporting time limit has expired. But, action activities will normally use such RODs only in the system evaluation and correction process. Late discrepancy reports citing appropriate justification will be considered by the action activity on an individual basis. Maximum time limits from date of shipment:

(a) All CONUS destinations—75 calendar days.

(b) All overseas destinations—150 calendar days.

(c) GSA will accept RODs received within 270 days of shipment.

(d) Time limits do not apply to short shipments and wrong item discrepancies discovered upon opening a sealed vendor pack.

(3) *Reply to SF 364.* Action activities will reply to all action copies of RODs within the following time frame:

(a) Seventy-five calendar days from date of receipt of report by action activity for discrepancies associated with shipments from DoD/GSA supply and distribution systems or shipments from commercial sources. (See paragraph VD5 for statement of corrective action requirement.)

(b) An additional 15 calendar days are allowed the Military Services International Logistics Control (ILC) Office when Grant Aid discrepancies are involved.

(4) *Followup on SF 364.* When an action activity does not reply to an ROD within the prescribed time frame, the reporting activity will followup by sending a copy of the original SF 364. (See paragraph VD6 for unresolved reports.) Enter an asterisk, the word "FOLLOWUP," and the date the followup is being prepared on the top of the form above block 1. If there is any change to the point of contact information entered in the original SF 364, enter the new point of contact name and telephone number in block 12, preceded by an asterisk. When the action activity is not a DoD activity, include both the Defense Switched Network (DSN) and commercial (including area code) telephone numbers. Reporting activities should allow for the mailing time of the original report before following up on action activities.

c. Distribution

(1) *Shipping-Type (Item) Discrepancies.* The following distribution of item discrepancy reports will be made under normal circumstances. For items requiring special handling and/or reporting, such as classified materiel or protected items, the recipient of the action copy of the item discrepancy report is responsible for additional distribution of the report as required. (See paragraph VD4.)

(a) *DoD Originated Shipments.* ¹Other than as prescribed in subparagraph(1), below

1. Inter-Service

a. Original and two copies to shipper's ICP/IM as indicated in record positions 67-69 of the GSA or DD Form 1348-1, DoD Single Line Item Release/Receipt Document or DD Form 1348-1A, Issue Release/Receipt Document (IRRD). (See paragraph VD4.)

b. Two copies to consignee's ICP/IM.

c. Two copies to shipping activity. A copy of GSA or DD Form 1348-1/1348-1A, or other authorized shipping document, will be attached.

2. Intra-Service

a. Original and one copy to shipper's ICP/IM as indicated in

¹ For the Navy Administered Grant Aid Program, all the required copies of the SF 364, plus one additional copy, will be forwarded to the Navy International Logistics Control Office (NAVILCO), 700 Robbins Avenue, Philadelphia, PA 19111-5010 for processing and subsequent distribution in accordance with this paragraph. The item "TO:" will be left blank and filled in by the NAVILCO. For Army administered Grant Aid Program, the original and three copies of the SF 364, with required attachments, will be forwarded to the Commander, U.S. Army Security Affairs Command, ATT: AMSAC-O, New Cumberland, PA 17070-5096.

record positions 67–69 of GSA or DD Form 1348–1/1348–1A or other appropriate accountable activity.

b. Two copies to shipping activities. A copy of DD Form 1348–1/1348–1A or other authorized shipping document will be attached.

3. *Materiel Returns*

a. Original to shipping activity.

b. One copy to receiver's ICP or DLA Defense Supply Center(DSC).

4. *Reutilization and Marketing Shipments*

a. Shipments to Defense Reutilization and Marketing

[1] Original and one copy to shipping activity. A copy of the disposal turn-in document (DD Form 1348–1/1348–1A) will be attached.

[2] One copy to shipper's ICP/IM.

[3] One copy to the Defense Reutilization and Marketing Region (DRMR).

b. Shipments from Defense Reutilization and Marketing

[1] Original and one copy to the shipping Defense Reutilization and Marketing Office (DRMO).

[2] One copy to the Defense Reutilization and Marketing Service.

(b) *DoD Central Procurements*.¹ For materiel procured centrally by a Military Service ICP or by a DSC, distribution will be as follows irrespective of the point of inspection and acceptance:

1. Original and one copy to the procuring contracting officer. Attach copy of contractor/vendor shipping document to original of the SF 364.

2. Two copies to the office administering the contract/purchase order, if different from the purchasing office, except as otherwise prescribed in paragraph e below. Attach copy of contractor/vendor shipping document to a copy of the SF 364.

3. Additional copies as prescribed by the respective Military Services/DLA.

4. When discrepant materiel is directed for return to a contractor, enclose one copy of the SF 364, with disposition instructions completed on reverse side, with shipment. No statement which might adversely affect the Government's claim will be shown on the copy returned to the contractor.

(c) *GSA-originated or-Directed Shipments*¹

1. When shipment is directed by GSA from GSA Supply Distribution Facilities or from DoD depots, send the original and two copies, together with GSA or DD Form 1348–1/1348–1A, to the GSA Discrepancy Reports Center (see GSA, enclosure 2).

2. When purchased by GSA for direct delivery from contractor/vendor, send original and two copies attached to a copy of the direct delivery order or vendor's shipping document to the GSA Discrepancy Center (see GSA, enclosure 2).

3. Two copies to shipping activity if a DoD depot.

4. Two copies to ICP/IM of materiel for disposition of erroneous materiel if DoD is ICP/IM. (See paragraph VID4, below).

5. Additional copies as prescribed by the respective DLA/MI Service for internal use.

(d) *Defense Program for Redistribution of Assets (DEPRA) Directed Shipments*. Original and one copy to shipping activities and other copies distributed as prescribed locally. One copy will be sent to the Defense Automatic Addressing System Office (DAASO).

(e) *Purchases Made by DoD Activities from Federal Supply Schedules or GSA Open-End Contracts*. SF 364 will be prepared and distributed as prescribed under paragraph VIC1b, above. Copies of SF 364 will not be furnished the GSA office administering the contract except under the following conditions:

1. Repetitive discrepancies or in cases of dispute which cannot be resolved between the ordering office and the supplier, send two copies to the GSA Discrepancy Reports Center.

2. Product quality deficient materiel is Grant Aid shipments where GSA has provided inspection at source, send original and two

copies to the GSA Discrepancy Reports Center (see GSA, enclosure 2).

(f) *Local Purchase*. Distribution same as paragraph VIC1b, above, except that two copies will be furnished the Government Inspector when inspection is at origin.

(g) *Industrial Plan Equipment (IPE) Shipments*. For discrepancies in shipments of IPE, distribution will be as follows:

1. Original and three copies to Commander, Defense Industrial Plan Equipment Center (DIPEC), ATTN: DIPEC-TFS, Memphis, TN 38114-5051.

2. Two copies of the GSA or DD Form 1348–1/1348–1A or other authorized shipping document will be attached.

3. DIPEC will review all SFs 364 from the initiator and request necessary action from the consignor. Distribution will be made at the same time. Replies from consignors will be directed to DIPEC-TFS. DIPEC will provide initiator with replies from consignor and other close-out action.

(2) *Packaging Discrepancies*

(a) *DoD-Originated or -Directed Shipments*. Other than as prescribed in subparagraph b, below.

1. *Contractor/Vendor Shipments*

a. Original to control point (see enclosure 2) for the Service/Agency having procurement responsibility.

b. One copy to the applicable Contract Administration Officer-(CAO) (block 10 of DD Form 250, Material Inspection and Receiving Report) with copy of contractor/vendor shipping document attached to SF 364. (When GSA is CAO, send this copy to the GSA Discrepancy Reports Center marked: CAO copy.)

c. One copy to the applicable ICP/IM. (When GSA is IMMUNIZATIONS, send this copy to the GSA Discrepancy Reports Center marked: IM copy.)

2. *DoD Shipments*

a. Original to control point (see enclosure 2) with copy of shipping document attached to SF 364.

b. One copy to shipping activity.

c. For personal property shipments, send original to control point (see enclosure 2) with copy to the shipping installation transportation officer.

(b) *GSA-Originated or -Directed Shipments*

1. When shipment is directed by GSA from GSA Supply Distribution Facilities or from DD Form depots, send the original and two copies, together with GSA or DD Form 1348–1/1348–1A, to the GSA Discrepancy Reports Center(see enclosure 2).

2. When purchased by GSA for direct delivery from contractor/vendor, send original and two copies attached to a copy of the purchase order or vendor's shipping document to the GSA Discrepancy Reports Center (see enclosure 2).

3. Two copies to the GSA Discrepancy Reports Center if a DoD depot.

d. *Related Actions*

(1) SF 364 as a Supporting Document

(a) *Shipping-Type (Item) Discrepancies*. The SF 364 will be used as a supporting document for inventory accounting and financial adjustments. A copy of the completed report will be used to support formal adjustment of the consignee's and/or shippers's accountable activity inventory and financial accounting records, as appropriate.

(b) *Packaging Discrepancies*

1. On shipments from GSA shipping activities or directed by GSA from a contractor/vendor (regardless of dollar value), GSA will investigate and, when appropriate, credit the account cited on submission of SF 1080, Voucher for Transfer Between Appropriation and/or Funds, with the original or a copy of the corresponding SF 364 as supporting documentation.

2. Consignor (shipper) replies on packaging deficiencies which DIPEC has previously funded for Packing, Crating, and Handling (PC&H) should provide necessary documents to transfer or reimburse funds for and required corrective action. Handling for PC&H is based on specified requirements for IPE in MIL-HDBK 701,

¹ See footnote on page 3.

Military Standardization Handbook, Blocking, Bracing, and Skidding of Industrial Plant Equipment, and MIL-STD 107, Military Standard Preparation and Handling of Industrial Plant Equipment.

(2) *Disposition of Materiel.* The reverse of SF 364 or an automated reply will be used as an action reply for those discrepant conditions requiring disposition instructions to the reporting activity, e.g., overages, damages (parcel post), deficient materiel (Grant Aid), or erroneous materiel.

(3) *Management Evaluation.* SF 364 is so designed that the data thereon may be used to evaluate and improve supply operations and reporting performance. Military S/As will require their respective action activities to record, summarize, and report to a single point within the Service or Agency sufficient data to enable attention to be directed towards conditions and organizations that are involved in reporting discrepancies. As a minimum, the report will identify the volume and dollar value of the RODs by shipping activity (depot/contractor/manufacturer or vendor), ship-to activity, and discrepancy type. Data reported will be analyzed by the individual S/A and responsibility assigned to specific activities to selectively research discrepancies for the purpose of identifying and correcting the cause of the error(s). Procedures to implement the use of the SF 364 for this purpose should be cleared under the provisions of the reports control regulation of the applicable Military Service or Agency.

(4) *Transfers of Item Management Responsibilities.* Under the Logistics Reassignment Program (LRP), item management responsibility for an item may have been transferred to another component (Military S/A) after the date of shipment. In these instances, a single discrepancy reported on a requisition line item may require action and/or reply from two different components (e.g., shipper's IMMUNIZATIONS and the Gaining Item Manager (GIM)). For example, on receipt of an incorrect item, one component could be responsible for the investigation (shipping activity) and the initiation of a billing adjustment (shipper's IM/ICP) for the item billed (but not received) and the GIM would be responsible for providing disposition instructions for the erroneous materiel.

(a) When the reporting activity is aware of these circumstances, the SF 364 should clearly indicate under remarks(item 12) the disposition/action desired by each component. When two different components are responsible for action, additional copies of SF 364 shall be prepared and distribution made under subparagraph C1a(1)(a) and (2)(a) and C1c(4), above.

(b) When the reporting activity is not aware of a logistics transfer involving a requisition line item (the SF 364 does not indicated action by two different components), the S/A receiving the ROD for action will notify the other S/A, when applicable, indicating appropriate action required and will advise the reporting activity accordingly.

(5) *Statement of Corrective Action*

(a) *Shipping-Type (Item Discrepancies.* Action activities will reply to action copies of SFs 364 by completing the reverse side of the SFs 364, indicating whether a billing adjustment will be allowed. When disposal of materiel is involved, follow the instructions referenced in subparagraph 2.

(b) *Packaging Discrepancies.* Action activities will, upon receipt of an SF 364, immediately investigate the reported discrepancies and take action to prevent their recurrence. For shipments of ammunition, explosives, or other hazardous materiel, DoD or GSA action activities will automatically provide reports of corrective action in all cases. Statements of corrective action will also be furnished when requested by the SF 364 initiator or upon special request for the control point (enclosure 2). The statements will be entered on the reverse of SF 364 in item 23. Additional blank sheets of bond paper will be used when more space is needed. Statements will normally be made within the time limits specified in subparagraph B2 and be addressed to the initiator of the report with an information copy to the appropriate control point. Also, for contractor originator shipments, investigating activities will furnish an information copy of the results of their investigating activities will furnish an

information copy of the results of their investigation to the responsible procurement activity or commodity command. Reports of corrective action will not be delayed pending final determination of the contracting officer when reimbursement (from the contractor/vendor) is warranted. Final actions will be reported when completed. When a CAO investigating activity finds corrective or preventive action is outside the scope of contract administration and requires action by the procuring activity, a copy of SF 364 and the investigation report will be forwarded to the procuring activity for action, with information copies to the appropriate control point and SF 364 initiator.

(c) When an automated ROD response is used by the action activity, the response must contain, as a minimum, the requisition document number, the report number, signature (not a point of contact), and pertinent information from the data blocks on the reverse side of the SF 364.

(6) *Unresolved or Contested Reports*

(a) *Unresolved Reports.* When a reporting activity does not receive an ROD reply as prescribed under this regulation, it will forward a copy of the ROD and all supporting correspondence/information to their S/A focal point office for assistance (see paragraph VD and VE). Their focal point will forward all the information related to the ROD to the appropriate action activity for review and appropriate disposition. When the discrepancy involves another S/A, the reporting activity will send the ROD and all supporting correspondence to their focal point, who in turn will coordinate with the applicable focal point office of the shipping activity to attain a response. The action activity will send the disposition/final decision for the unresolved ROD to the reporting activity with an information copy to the appropriate focal point within 60 calendar days from the date of the correspondence from their focal point.

(b) *Contested Reports.* When a reporting activity does not concur with a reply/disposition received in response to an ROD, it will forward a copy of the ROD and all supporting correspondence/documentation to their S/A focal point office for assistance (see paragraph VD and VE). When the discrepancy involves another S/A, the focal point will review all documentation and, if the appeal is valid, will forward it on to the responsible S/A designated focal point office. The aforementioned activity will review all data relating to the problems and provide a response directly to the reporting activity with copies furnished to all concerned parties. The decision will be rendered within 60 calendar days from the focal point letter. This decision will be final.

(c) *Nonreceipt of Credits.* When an ROD reply promises or otherwise indicates that credit is forthcoming and the credit is not received, submit a request for billing adjustment as prescribed by MILSBILLS.

(7) *Nonvalid Reports.* When a report is later discovered to be nonvalid, a copy of the original report will be annotated with the word "CANCELLED" or "CORRECTED," as appropriate, in a statement above the "Date" block preceded by an asterisk and forwarded to the same distribution list as the initial report. In the "Remarks" block, the clarifying data, preceded by an asterisk, will be explained in detail with signature, date, and DSN and complete commercial telephone number of the person preparing the review report.

(8) *Mailing Requirement.* The container/envelope forwarding the SF 364 will be conspicuously marked "SF 364." This requirement does not apply to civil agencies.

(9) *Report Control Symbol (RCS).* The SF 364 is exempt from the assignment of an RCS.

Glossary

Section I

Abbreviations

This section contains no entries.

Section II

Terms

Action Activity.

Any activity required to take action as a result of an ROD, e.g., inventory control point, contract administration office, packaging control point, or a shipping activity of shipments from a redistribution order.

Ammunition/Explosives.

A device charged with explosives, propellants, pyrotechnics, initiating composition, or nuclear, biological, or chemical materiel for use in connection with defense or offense, including demolitions. Ammunition which can be used for training, ceremonial, or non-operational purposes is included.

Basic Issue Item (BII).

Those essential auxiliary items that are required to operate the equipment and to enable it to perform the mission and function for which it was designed or intended.

Control Point.

An activity designated by a Military Service, DLA, or GSA to monitor packaging discrepancies for their respective Service/Agency.

Controlled Inventory Items.

Those items designated as having characteristics which require that they be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safeguard or integrity. Controlled inventory items in descending order of degree of control normally exercised are:

a. Classified Items. Materiel which requires protection in the interest of national security.

b. Pilferable Items. Materiel having a ready resale value or application to personal possession and which is, therefore, especially subject to theft.

c. Sensitive Items. Materiel which requires a high degree of protection and control due to statutory requirements and regulations, such as narcotics and drug abuse items; precious metals; items which are of a high value, highly technical, or hazardous nature and small arms, ammunition, explosives, and demolition materiel.

Duplicated Shipment.

A shipment which corresponds exactly to a previous shipment.

Incorrect Item.

An item received in lieu of the item requisitioned. This is an erroneous item shipped due to shipper error and not an intended interchangeable/substitute item.

Interchangeable Item.

Interchangeability is a condition which exists when two or more items possess such functional and physical characteristics as to be equivalent in performance and durability and are capable of being exchanged one for the other without alternation of the items themselves or of adjoining items, except for adjustment, and without selection for fit and performance. It includes capability of two or more items or components of equipment to replace each other in a physical or functional environment with negligible modification or loss of efficiency.

Misidentified item.

When the label on the container is different than the item in the container, or tag attached to the item (also see Incorrect Item).

Overage

a. Item overage is when the quantity received is greater than that ordered or shown on shipping document. This type of overage is not evident on delivery but is discovered when the article of freight, as described on the transportation document, is opened and the contents are checked. (NOTE: (1) Overage on SEAVAN/container that is source loaded and moves under a shipper's load and count, and arrives at destination with original seal(s) intact, is not a transportation discrepancy; (2) DPSC uses the average net weight lotting system when shipping perishable specification freeze and chill items. Actual weight received may differ from the supply documentation. If the number of cases/containers received agree with number shown on supply documentation, the actual weight received is within weight range variation; an SF 364 will not be submitted for an overage.) This is considered a shipping-type (item) discrepancy and is reportable in the procedures contained herein.

b. Transportation-type overages reportable under AR 55-38/NAVSUPINST 4610.33C/AFR 75-18/MCO P4610.19D/DLAR 4500.15 are:

(1) Overages of boxes, packages, or loose articles of freight in a SEAVAN, Military Van (MILVAN), Military Sealift Command leased/controlled Van (MSCVAN), Roll on/Roll off (RORO) trailer, or Container Express (CONEX).

Section III

Special Abbreviations and Terms

This section contains no entries.

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